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GROUT BILL, TAXING OLEOMARGARINE AND  
IMITATIONS OF BUTTER.

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## S P E E C H

OF

HON. HENRY D. GREEN,  
OF PENNSYLVANIA,

IN THE

HOUSE OF REPRESENTATIVES,

Monday, May 14, 1900.

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WASHINGTON.

1900.

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The House being in Committee of the Whole House on the state of the Union, and having under consideration the bill (H. R. 11537) making appropriations to supply deficiencies in the appropriations for the fiscal year ending June 30, 1900, and for prior years, and for other purposes—

Mr. GREEN of Pennsylvania said:

Mr. CHAIRMAN: At the very beginning of this session of Congress, as far back as December 12, 1899, House bill No. 3717, familiarly called the Grout bill, was referred to the Committee on Agriculture.

It has remained there ever since; and, for all that I can find out, will remain there until the Fifty-sixth Congress ceases to exist, or at least until it will be too late to have the measure acted upon and enacted into law at this session.

There can be no excuse for this unprecedented and needless delay. Sixty days would have been sufficient time to hear all the arguments for and against the measure. It is apparent that want of time to consider can not be urged as even a plausible excuse. What, then, is the reason for the delay? The bill is a very short one, the provisions are simple, the subject-matter is old, and the legal propositions involved have all been settled by the court of last resort. The people naturally suppose that the men who are appointed as members of the Committee on Agriculture are not only familiar with the subject-matter of the questions coming under its jurisdiction, but are friendly to the passage of fair legislation which will protect and encourage that large portion of our people who are engaged in agricultural pursuits.

To my personal knowledge, many individual members of this House have seen personally the members of this committee and per-

sonally urged them to take prompt action on the pending measure. Speaking for myself, I know I have done everything in my power to have the friends of this measure make special efforts to report the bill promptly and favorably.

From all the information I can obtain, the majority of that committee are in favor of reporting the bill favorably. When its friends outside of the committee expostulate and complain of the delay—the dangerous delay—the only answer we receive is in the way of excuses which do not excuse.

Anyone, from the conduct of the committee in not reporting, from the poor excuses offered for the delay, from the assurances given of approval of the measure, is compelled to conclude that the members of the committee are individually for the bill and collectively against it.

Their delay can be explained in but one of the following hypotheses:

First. The enemies of the bill, open or secret, constitute a majority of the committee, despite their personal assurances to the contrary.

Second. The friends of the bill, while they may be a numerical majority, are outmaneuvered by the oleomargarine supporters, and have not and are not managing their fight with skill.

Third. That the friends of the bill are in a majority, yet by party orders or for supposed partisan capital are willing to allow the bill to be delayed so that final action may not be taken on the measure before the expiration of this session and before the question of the Presidency is again settled previous to the convening of Congress.

It looks as though they wished to be able in the next Congressional and Presidential canvass to pose as both the friends of the oleomargarine trusts and the friends of the farming and dairy interests.

Let me say to the Committee on Agriculture as well as to the members of this House that this straddle will not be successful.

The farmers and dairymen of the United States are alive to their interests; they have taken a firm and uncompromising stand in their opposition to any longer delay in stamping out this fraudulent business, which so interferes with them that it threatens the very existence of the manufacture of pure dairy butter.

They are well organized and each day are becoming better or-

ganized. They stand shoulder to shoulder in this fight, willing to drop party lines if need be.

They will solve the mystery of this delay. Time will disclose to them the real cause. Even the secrets of the committee room will leak out and become public property. They will be able to separate their friends from their opponents and before the Fifty-seventh Congress is elected they will by their votes at the polls see that their interests are not put in jeopardy by either open enemies, lukewarm friends, or bungling management.

It is said by members of the committee that the bill has been referred to a subcommittee of three, and that two out of the three members are enemies and have held back and continue to hold back the report. Will it not be hard to explain to the dairy interests of this country what necessity there was to have a bill so plain in its provisions and so reaching in its character referred to any subcommittee? Surely this was a blunder. But it is easily corrected. The majority of the committee, which had power to refer to a subcommittee, surely have the power to order a report of that subcommittee, and in case of a refusal they can discharge them from all further consideration of the measure and take action. Nay, they can even take action and report the bill without considering the fact of its submission to the subcommittee. This may not be a very courteous proceeding, but who will deny that the time for courtesy has passed and for action has come? The continuance of this courtesy plea can result in nothing else than the undue delay and ultimate defeat of the measure.

I for one hold and say there is no good reason for delay, and for one representing a constituency in which every farmer keeps cows and produces milk, and is directly or indirectly interested in the manufacture of pure dairy butter, enter my solemn protest against the dilatory action of this committee and demand a report. The very opponents of this measure can assign no good reason for withholding the measure from the consideration of the House. The subject is an important one, one of great interest to the public, and one whose decision affects the business of many thousands of our most industrious and most valued citizens. So it at least has a right to be discussed and passed upon by the House.

If there are any intrinsic objections to this bill, if any of its provisions are unjust, if any can be improved, let these changes

be made by the committee and the bill then reported. The members of this House, I believe, are fully able to frame and pass a fair and acceptable measure on the subject-matter. Whatever may be said by the opponents, it is not fair that the legislation be stifled in committee or its enactment into law at this session of Congress be prevented by these dilatory tactics. I again warn the members of this committee and of this House that each one individually and the majority party collectively will have to answer for the defeat of this legislation, whatever be the excuse they may give.

In behalf of my constituents, in behalf of those of your constituents who have for days by letter, petition, and resolution pressed you to have this bill doing away with the illegal and unjust practices used by the manufacturers of oleomargarine in their unfair and criminal competition with the pure dairy product passed, I appeal to you to redouble your efforts to secure a favorable report of the Grout bill and its enactment into a law before Congress closes its doors this session.

Now, let us turn our attention to an examination of the merits of the Grout bill and to a discussion of the arguments urged by its supporters and the statements and criticisms of its antagonists.

Let the position of those who favor this bill be not misunderstood. They do not complain at their product, real dairy butter, being placed on the market in honest competition with oleomargarine, butterine, or any chemical compound of grease, call it by whatever name the manufacturer may; but they do protest against these grease compounds being placed on the market and sold to purchasers and consumers for what it is not—the product of the dairy.

The provisions of the Grout bill should plainly convince any unprejudiced thinking man that this is their only object, for although the Federal tax on oleomargarine and its kindred products is at the present time 2 cents a pound, by this bill this tax will be reduced to one-fourth of 1 cent a pound—merely a nominal amount—one which will enable these compounds to be sold for  $1\frac{1}{4}$  cents cheaper than its present price.

But it does provide that all oleomargarine, the natural color of which is white, if colored to resemble butter shall pay a Federal tax of 10 cents. Why do the dairy interests ask the reduction?

Simply because they wish to show in a practical manner that they do not fear the honest competition of oleomargarine or any other grease so long as it has its natural color and must be sold in the open market for what it really is.

Why do they ask the imposition of a high tax on the colored compound? Simply because if it is sold for butter, which it is not, it can not be sold at a price under which honest butter can be produced.

These imitations, on an estimate based upon the market prices of the products entering into them and adding in labor, cost of production, and a fair profit to the manufacturer, can be produced at from 8 to 10 cents a pound, while, on the contrary, every farmer or every man that has ever examined into the manufacture of dairy butter knows that at 18 and 20 cents the profit is merely nominal and during many seasons of the year it can not be produced at that cost. Now, here let us examine what materials go in the manufacture of these compounds. They are the same, and in order that there may be no mistake about it I insert the answer given by the Secretary of the Treasury of the United States in reply to a resolution of this House asking for the information which under the present law the manufacturers are obliged to file in the Treasury Department, after swearing to the same.

This return also shows the amount of these grease compounds manufactured during the year beginning June 30, 1898, and ending June 30, 1899.

*Quantities and kinds of ingredients used in the production of oleomargarine in the United States for the fiscal year ending June 30, 1899; also, the percentage each ingredient bears to the whole quantity.*

Materials.	Pounds.	Percent-age each ingredient bears to the whole.
Neutral lard .....	31,297,251	34.27
Oleo oil.....	21,491,769	26.82
Cotton-seed oil.....	4,357,514	4.77
Sesame.....	486,310	.53
Coloring matter .....	148,970	.16
Sugar .....	110,164	.12
Glycerin .....	8,963	.01
Stearin.....	5,890	.007
Glucose .....	2,559	.003
Milk .....	14,200,576	15.55
Salt.....	6,773,670	7.42
Butter oil.....	4,342,904	4.76
Butter.....	1,568,319	1.72
Cream .....	3,527,410	3.86
<b>Total .....</b>	<b>91,522,260</b>	<b>100</b>

When you glance over this long list of various articles it has a tendency to make even a stout heart quail. It is claimed that they are all healthy and easily digested. Perhaps they are; I hope they are. To me it looks like a rather nasty mixture, and I may be pardoned for preferring my butter to be made of the natural juice of the cow. But I do not intend to discuss either the healthiness of the compound, its flavor, or its digestibility; others may discuss that part of the subject.

If anyone will take up the list and put market prices on the several ingredients, the statement I have made as to cost of production can be easily verified; and that is the point I wished to make clear. The burden of the complaint of the supporters of this measure is that these products are fraudulently sold as dairy butter. Is this charge true? I have before me a circular letter mailed to me and having the name of G. F. Swift, president of Swift & Co., of Chicago. He states, "It is absolutely impossible to-day, under the internal-revenue laws and regulations, to sell oleomargarine as butter to consumers of ordinary intelligence." Is this true? No thinking, reading citizen will believe this statement. Certainly none living in Pennsylvania who has read the North American and other newspapers, which have daily during the last three months shown up the frauds practiced in the sale of oleomargarine in Pennsylvania alone.

That State has stringent laws against the fraudulent sale of oleomargarine for butter, and severe penalties are attached; but even these laws it has shown—and daily now is conclusively showing—do not prevent or deter the manufacturers of oleomargarine and their agents from carrying on a gigantic system of frauds. Over 11,000,000 pounds of this grease was sold in Pennsylvania alone, nearly one-eighth of the entire output of the United States manufacturers—fully one-eighth when the amount exported is taken into account.

Was this sold as oleomargarine or butter? The answer may be found in the hundreds of indictments brought before the Federal courts against those who sold this trash for butter, and at butter prices. The cases tried conclusively proved that a mighty and extensive conspiracy existed, backed by the millionaire manufacturers, to set the laws at defiance and swindle the consuming

public. These men, principals and agents, went so far as to guarantee immunity from punishment to those who carried on this nefarious business and perpetrated unblushingly these gigantic and outrageous frauds.

They went beyond this in their revel of lawlessness. They bribed the State authorities and officers who were supposed to have been appointed and who were paid out of the taxpayers' money for the purpose of detecting and punishing these offenders.

Such a flood of light has been thrown upon this subject that the man who makes the statement that oleomargarine is not largely sold as dairy butter would be stamped as a modern Annanias, and would be admitted without further examination to the order of the knights of that name.

It is hard to believe that the gentleman whose language I quoted above willfully made a false statement, but it is harder still to believe that he has not "ordinary intelligence." The public must explain his statement. In charity I am willing to believe he has been misinformed by the conspirators. Now, if a large part of the 11,000,000 pounds sold in Pennsylvania was sold as dairy butter—and when I fix that amount at 90 per cent I believe I place it within the bounds of truth—how much of the balance was sold in others States as the products of our dairies? Is it any wonder that the sales of these imitations have increased so rapidly?

Let us look at this increase, boasted by the manufacturers.

In the same letter Mr. Swift says—I read a portion of his letter:

Fourth. The annual report of the Commissioner of Internal Revenue for the fiscal year which ended June 30, 1899 (pages 192 to 199, inclusive), furnishes much interesting and valuable information on this subject. For instance, the average monthly production of oleomargarine in 1888 was 2,860,460 pounds, while the average monthly production in 1899 was 6,928,325 pounds, showing an increase in production in eleven years of nearly 300 per cent. This increased production grew out of the increased market, and the increased market came because the people wanted and used oleomargarine. During the same period the average quantity withdrawn monthly for exportation to foreign countries increased from 140,516 pounds in 1888 to 258,003 pounds in 1899.

The following table of production from all oleomargarine sources for each fiscal year since November 1, 1886, the date the oleomargarine law took effect, is interesting as showing the extent of operations in the country.

	Produced.	Revenue paid.
	Pounds.	
On hand Nov. 1, 1886.....	181,090	
During the fiscal year ended June 30—		
1887 (from Nov. 1, 1886).....	21,513,537	\$723,948.04
1888.....	34,325,527	864,139.88
1889.....	35,664,026	891,217.91
1890.....	32,324,032	783,291.72
1891.....	44,392,409	1,077,924.14
1892.....	48,334,155	1,266,325.00
1893.....	67,224,298	1,070,613.50
1894.....	69,632,246	1,723,479.90
1895.....	56,958,105	1,409,211.18
1896.....	50,853,234	1,219,492.46
1897.....	45,531,207	1,034,129.60
1898.....	57,516,136	1,315,708.54
1899.....	83,130,474	1,956,618.56
Total .....	647,610,476	15,942,101.43

This table is taken from the report of the Commissioner of Internal Revenue above referred to, and is therefore authentic and official. It will be noted that the production has steadily increased until, in the year 1899, it amounted to 83,130,474 pounds.

The Secretary of the Treasury's statement shows that the production of oleomargarine in the United States for the month of December, 1899, was 11,713,748 pounds.

With those startling and unimpeachable figures, does any sane man wonder why the farmers of this country complain and ask the enactment of legislation which will only in a measure protect the dairy interests from utter annihilation in the very near future if the present fraudulent competition is allowed to go on.

Every member, when he casts his vote on this measure, must decide whether he will wipe out the entire dairy interests of his district to allow the millionaire bogus-butter manufacturers of the United States to roll up more millions; for that and nothing else is what a vote against the Grout bill means. To you members of this body who represent Southern constituencies, where the cotton blooms, I ask you whether you are willing by your votes to strike down the great dairy interests of this country in order that you may dispose of a few more gallons of cotton-seed oil than you otherwise would?

Have you no regard for your friends among our people who, like you, are trying under the most adverse circumstances and discriminating laws to wring a livelihood by the hardest labor from the soil of mother earth? There are innumerable legitimate uses for your oil. Daily and hourly you are gaining more ex-

tended markets for it among the people of the North and the East and the West. You need not fear for its present and its future—it has far better uses than a component part of bogus butter.

To you I will quote from Mr. Swift:

Cotton-seed oil: This ingredient is not always used; it is used in limited quantities in the medium grades.

The statistics above quoted show you how much, irrespective of his assertions, is used. We, the friends of honest butter, ask your assistance. We ask you to take a broad and honest view of this subject and not be influenced by selfish and sordid considerations alone, but by your sense of right and justice. Show us what Southern justice and generosity is. Prove to us that it exists, and you can never give us more conclusive proof than by the stand you take on this bill. This is a case of live and let live. What is your answer?

To the Union Dairy Company, manufacturers of choice oleomargarine, I say, as honest men, change your name; oleomargarine is not a product of the dairy, and your name is a fraud, and it suggests fraud to others who handle your product. To the Retail Merchants' Association of Illinois, I say to you that for every dishonest dollar you may put into your pockets by the sale of oleomargarine for butter you pull five honest dollars out of the pockets of the trousers of the honest farmers who sell an honest product from the milk of their cows, and many of them live on the broad, grass-covered prairies of your own State.

To the various trade and labor organizations who have honored me with their protests against the Grout bill I say you have been imposed upon by false statements and designing and unscrupulous men. No one can object to your eating imitation butter from choice. You can even buy it for less money than you do now if this bill is enacted into law. It will not be colored, it is true, yet the color adds neither to its taste, its feel, its odor, or its healthfulness. Surely the difference in price will pay for its looks. And then you must also remember that you and yours are subject to the same impositions that have been inflicted upon your fellow-workmen all over the United States. The workmen in any community do not wish to buy oleomargarine for real butter,

they do not want to pay two or three prices for these grease compounds. Stop a minute and think. Do you?

Your plea that the passage of this bill will close the sixteen oleo factories and throw workmen out of employment is a weak one. It will not bear examination. Do you think these factories will be shut down? I would that this might happen, but it will not. They will surely not produce the quantity they do now, I grant you, and some workmen may lose employment there to find it in the manufacture of some honest product. But to every man that goes elsewhere for employment for this reason a score will find employment and a better living on our farms and in our creameries. Remember they are workingmen earning their living by the hardest kind of manual toil.

You could give the same reason for not interfering with the marketing of soapstone, whose product is mixed with the flour which goes into the bread you and your families eat. So could you give the same reason for not shutting down the manufactories which produce any other adulterated food article which is sold for genuine. You are the sufferers; you are the direct beneficiaries of all pure-food legislation honestly enforced. Ask your wives; they will tell you so, if you do not believe my statements.

This is no time for the workingmen of even Cincinnati, Cleveland, or Chicago to give their assistance to the oleo or any other trust. You speak of butter trusts. Do you not know that such a trust is a practical impossibility? Cattle used for dairy purposes will not flourish in large herds. The actual labor of producing butter is too great for a trust to be even thought of. Thousands of farmers would by adding to their herd of cows break it down in a few short months. Do not strain at a gnat and swallow a camel. Honesty in this case is the best policy; and what is more, it is right. Many of us who are pressing for this measure have for years fought, and hope in the future to actively assist in fighting, your battles. They are many. They are opposed by money and the same kind of arguments as you bring forward against the butter interests.

Had you not better consider before you are used as the tools of the backers of these frauds? When the farmers of this country cease to give you sympathy and assistance you will have a harder

fight to maintain your rights than you have ever had in the past. It will not pay to go back on these valuable allies, and I am glad to say your opposition is not general. It is confined to only a very few spots, and you do not talk for the great army of the employed.

You ask me why it should be permissible for the makers of genuine butter to color their product and not the manufacturers of oleomargarine.

Mr. Swift ostentatiously boasts that they have colored oleomargarine a rich yellow color for twenty-five years, as though that gave a prescriptive right to continue the practice despite the disastrous results. The reason I give you for prohibiting the coloring of oleomargarine is that by coloring it you are able to and you actually do deceive the public.

God Almighty gave butter its color—the grass He gave the cows to eat colored it yellow. If any distinction is to be maintained, it must be the natural color when that color is most pronounced. When it bleaches from the want of grass food in color, it could hardly be told from oleomargarine; and it is as much as anything to maintain the true distinction that they are compelled to color it, and they do color it.

Butter, to my recollection, was never colored until it was brought into competition with these imitation competitors. The necessity for the passage of this legislation becomes evident when we call to mind that thirty-two States of the Union have enacted legislation to remedy this crying evil. They have from time to time by amendment made these laws more stringent. All action on this subject has been for greater protection and never for less—for heavier penalties and never for lighter. The people of these States by a large majority must have demanded and kept demanding this legislation, or these laws would never have been passed. Thereby they recognized the existence of the evil and the necessity for action such as this bill contemplates.

The most plausible argument, and one which seems to have done more than any other in convincing some of the labor organizations of the cities named above that this bill is hostile to their interests, is that the enactment of this law will raise butter to an exorbitant price, which they fix as high as 50 or 60 cents a pound. Surely when oleomargarine pays 10 cents tax, and costs not more

than 10 cents, it would enter the competition colored at 20 cents a pound. Again, the increased production of butter, which will take place as soon as a small margin of profit appears, will be greatly increased, and this will in itself maintain the price at a point very nearly at the cost of its actual production.

So I say to you your fears are groundless and you will be able to buy and eat genuine butter at a price no greater than or but very little greater than its present price. On principle no one can object to pay for an article its actual cost plus a fair profit, but we can object to profits being made exorbitant by resorting to fraudulent practices.

In conclusion, let me say that the farmer's lot is a hard one; it means incessant toil of the severest kind; it means manual labor under the burning suns of July and August and in the drenching rains of March and April. His wife and every one of his growing family must contribute their share to keep the wolf from the door. He suffers from drawbacks which come to no other occupation. At one time it is too much rain, at another it is too little; at another it is the fly in his wheat, the cholera among his hogs and poultry, or some other disease among his sheep or his cattle.

Hardly a season goes by that he must not face a substantial and unlooked-for loss. His taxes are high, and the owner of land and farm stock can not escape them, as does the coupon clipper. Profits never come to him in a great lump, as they do to the manufacturer. Good years are only comparative to him, as his margin of profit is never large, and bad years are often as disastrous as they are to the manufacturer. Ease and luxury he knows little about. He is always the victim of tariff legislation, for he pays a tariff on even the imported grains which he sows. He pays the direct and indirect exactions of all tariff-taxed commodities which he is forced to consume. He is forced to sell in the markets of the world at a price fixed by his foreign competitor, and buy at protection prices.

He suffers most from freight discriminations. He contributes the largest part by far to the profits of all trusts. He has suffered from the fall in the price of lands. He pays the highest rates of interest for the money he is forced to borrow. He asks but little consideration at the hands of Congress; he asks them not

favors, but only rights. In this measure he asks just and necessary protection, and he now awaits your answer. He is no slave; he owes no allegiance to trusts or corporations; he is not controlled. He is still a proud freeman, and he has the power and the nerve to punish a public servant who fails to do his honest duty and secure protection to himself and the general public from an undeniable fraud practiced on them. Remember, "You can not fool all the farmers of this country all the time."



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